

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6564

BILL NUMBER: SB 217

DATE PREPARED: Dec 10, 2001

BILL AMENDED:

SUBJECT: Muscatatuck State Developmental Center Closure.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Division of Disability, Aging, and Rehabilitative Services to take certain actions, including conducting public hearings, submitting a report to the Legislative Council, and developing a closure plan, before closing Muscatatuck State Developmental Center (MSDC).

Effective Date: Upon passage.

Explanation of State Expenditures: Operating Cost: This bill requires all provisions be met prior to closing MSDC. This may result in MSDC remaining open beyond the scheduled closure date of June 2003. Extension of the closure date beyond this time requires an additional appropriation. The current appropriation for MSDC is \$56.4 M annually.

The current appropriation for MSDC for FY 2002 is \$56.4 M. Of this amount \$3.6 M are fixed costs and \$52.8 M are staff and supply costs. The total per capita cost is \$149,300 with treatment cost of \$139,600 per year, including staff time only, and \$9,700 in supply costs. The per diem for residents at MSDC is currently \$667 per resident. Of this amount Medicaid reimburses the state \$265, with state cost of \$402 per resident. (The maximum Medicaid allowable per diem is \$428 per resident. This amount includes the state share of \$163. Since the MSDC per diem is above this match, the state is responsible for 100% of costs above this amount, an additional \$239.)

The FSSA hired BSA Design to review the condition of state-operated care facilities. This study estimates that MSDC requires \$84.1 M in capital improvements over the next ten-year period to maintain existing service. Some of these items may need addressed prior to the 2005 deadline.

Study Costs - The cost of the different study components are listed separately below. Where appropriate the costs for a study and an associated plan are presented together.

Public Hearing -

The Family and Social Services Administration (FSSA) can conduct a public hearing at no additional expense. The FSSA has previously conducted public hearings regarding the closure of MSDC on the MSDC campus. Existing FSSA staff will be able to administer the hearing on the MSDC campus. **Cost** - No additional cost expected.

Study of Risks to Health and Well-being of Residents -

The FSSA previously conducted a study on the requirements of each resident. The needs studied included: level of skilled nursing care required, supervision required, transportation required, and special needs including dietary and mobility. Staff indicate that this study can be parlayed into a risk assessment by current staff. **Cost** - No additional cost expected.

Study of Type of Placements Available and Required by Residents -

The FSSA previously conducted a study on the requirements of each resident. The needs studied included: level of skilled nursing care required, supervision required, transportation required, and special needs including dietary and mobility. FSSA staff can conduct a complete study of placements needs in house at no additional cost. **Cost** - No additional cost expected.

Economic Impact and Redevelopment Study -

The Jennings County Economic Development Commission is working on this component. FSSA provided some survey information to the Commission to assist with the planning. The Commission was granted \$150,000 of Build Indiana Funds to develop an economic impact study as well as an economic redevelopment plan for the MSDC campus. The Board plans to have the economic impact study completed in December 2001.

Jennings County staff have requested an additional \$150,000 from the Federal Economic Development Administration. This money will be used in conjunction with the remaining money from the original grant to develop a county master plan. County staff state that a county plan is required in redeveloping the site because of infrastructure requirements and the large economic impact of the MSDC closure. Staff expect to know by January 2002 if they will receive this grant. If the grant is not approved they intend to seek additional state funds for the economic planning. **Cost** - \$150,000.

Environmental Risk Assessment and Remediation -

The Family and Social Services Administration contracted with BSA Design to assess capital improvement needs of FSSA and ISDH facilities for the next ten years. The findings of this report are included in the Final Report of the Governor's Council on State-Operated Care Facilities in November 2000. The Muscatatuck State Developmental Center requires \$84 M in capital improvements that must be addressed in order to maintain the existing services. This study did not include any environmental remediation required. The study assumed that the facilities are "clean" and free of any potential environmental hazards such as asbestos, lead paint, leaking underground storage tanks, or other contamination requiring abatement. These abatement costs are difficult to assess, however, estimates for certain types of work are provided below.

There are three steps, or phases, in performing an environmental remediation. Note: these steps should be taken whether the MSDC remains open or closes.

- Phase I - site assessment - involves examination of historical records, government files, and an onsite visual assessment. This phase is useful in determining the potential contaminants onsite and general locations.
 - **Cost** - varies by site, estimated between \$3,500 to \$5,000.

- Phase II - site investigation - involves sampling and laboratory testing of groundwater, soil, and other potential contaminants such as lead paint and asbestos. This phase determines the extent of contamination and specific locations.
 - **Cost** - varies with extent of sampling required. Work estimated at \$2,000 per day (onsite), and additional \$80 per sample - 3-6 samples required per site.
- Phase III - site remediation - involves a variety of means to abate the environmental risk of contaminants onsite. This may involve soil removal, groundwater treatment, asbestos removal, bioremediation, or one of many other technologies deemed best and cost-effective for the type of contamination.
 - **Cost** - varies with extent of remediation required. Example: one leaking underground storage tank can cost between \$3,000 to \$500,000 to remediate.

Plan Costs -

Plan and Timetable for Placement of all Residents -

This portion of the plan could be conducted by FSSA staff with no additional resources required. Staff have already done some of the required work to meet this requirement. The MSDC currently serves 246 residents. Since the closure was announced, 33 residents have relocated from MSDC to other settings. Of the remaining 246 residents, 118 are in the process of planning for their transition from MSDC. The residents that moved out are in the following settings: 14 currently reside in supported living, 14 are in group homes, 2 are in alternate families for adults settings, and 3 individuals were transferred to Madison State Hospital. **Cost** - No additional cost expected.

Plan to Keep Stakeholders Informed of Closure Process -

This portion of the plan could be conducted by FSSA staff with no additional resources required. FSSA staff have already conducted public hearings regarding the closure and are working with family members of residents in the relocation process. **Cost** - No additional cost expected.

Economic Redevelopment Plan for MSDC Campus -

The Jennings County Economic Development Commission is working on this component. Plan will be included in overall county master plan at a cost of approximately \$300,000. **Cost** - \$150,000 already allocated, \$150,000 additional request.

Monitoring Plan for Health and Safety Compliance and Compliance with Provision of Closure Plan -

This portion of the plan could be conducted by FSSA staff with no additional resources required. **Cost** - No additional cost expected.

Explanation of State Revenues:

Explanation of Local Expenditures: See economic development plan in State Expenditures section.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources:

Michelle Kearns, Environmental Scientist, Earth Source Inc., (219) 489-8511;

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Joe Gordon, Vice President Remediation Services, Sagamore Environmental Services, Inc., (317) 842-0510;

Amy Brown, Legislative Liaison, Family and Social Services Administration, (317) 232-4451;

Alison Becker, Deputy Director - Fiscal Services, Family and Social Services Administration, (317) 234-1527; Kent Farr, Director - Institutional Finance, Family and Social Services Administration, (317) 232-7884;

Travis Campbell, Executive Director - Jennings County Economic Development Commission, (812) 346-2388.